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GENERAL

1. Proposed US reply to Soviet protest--The Department of State has transmitted to the UK and French Foreign Offices a proposed answer to the Soviet note of protest against the forthcoming tripartite talks on Germany. The proposed US note will point out that there is no provision in the Potsdam agreement which would prevent any of the four powers from discussing among themselves questions of common concern. The note will also point out that Soviet failure to observe the principle of economic unity in Germany provided for in the Potsdam agreement has forced the other three powers to consult among themselves concerning the economic deterioration in Germany which threatens recovery in all of Europe.

EUROPE

2. BELGIUM: Communists blamed for Belgian strike situation--US Charge Millard reports from Brussels that the chief of the Belgian Labor Ministry believes that: (a) the current Belgian strike wave is directed from outside the country; (b) although the strikes were originally planned to coincide with strikes timed for late February in other countries, the recent small-scale Socialist miners' strike was seized by the Communists as a favorable opportunity; and (c) a general strike had been scheduled for 17 February but "the average worker is aware of Communist political aims and refused to participate." Millard reports that the Embassy does not discount the possibility of further Communist maneuvers but believes that Communist strength has been considerably weakened by the open political warfare.

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3. ITALY: US statement on Italian colonies suggested-- US Ambassador Dunn recommends the consideration of a statement of US policy favoring temporary administration by Italy of colonies formerly under Italian control. Dunn believes that in order to counteract the effect on the forthcoming Italian elections of the recent Soviet announcement concerning the colonies, the US statement should be no less favorable to the Italians than the position already taken by the USSR and by France. Dunn further suggests that such a statement should refer to the US view that "Trieste should have been Italian" and should include a reference to US support for Italian entry into the UN.
4. FRANCE: French drive against militant foreign Communists-- Ambassador Caffery reports that the French Ministry of the Interior is conducting an energetic drive to eliminate Soviet, Yugoslav, Italian, and Polish Communist groups in France because of the possibility of another Communist offensive in the coming months. Caffery has also been informed that similar action against Spanish Communist groups in France is contemplated in the very near future.

(CIA Comment: The increasingly energetic anti-Communist stand of the Schuman Government will bolster its prestige internally and proportionately decrease the appeal of De Gaulle as the "savior of France.")

FAR EAST

5. KOREA: Soviet policy in Korea attacked-- According to US Political Adviser Langdon, General Hodge expressed at a 16 February press conference the following views: (a) The US has strictly adhered to the Moscow decision on Korea; (b) the USSR has simultaneously prepared to violate that agreement; and (c) evidence of such preparations is provided by the recently-announced establishment of a "People's Army of Korea" and

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the creation of a draft constitution for "all Korea," designating Seoul as the capital.

(CIA Comment: The announcements cited by General Hodge have been long expected. Although these announcements emanated from the North Korean radio station and not from the USSR, CIA is convinced that they are further evidence of a Soviet plan to establish a puppet state in Korea.)

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